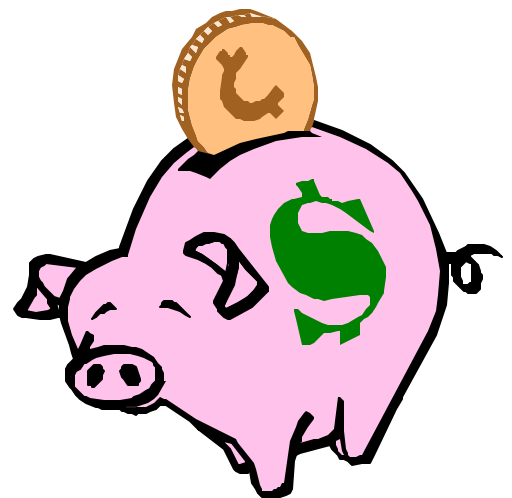


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Indiana Department of Financial Institutions

PAY YOURSELF FIRST

Overheads



Building: Knowledge,
Security, and Confidence

FINANCIAL EDUCATION

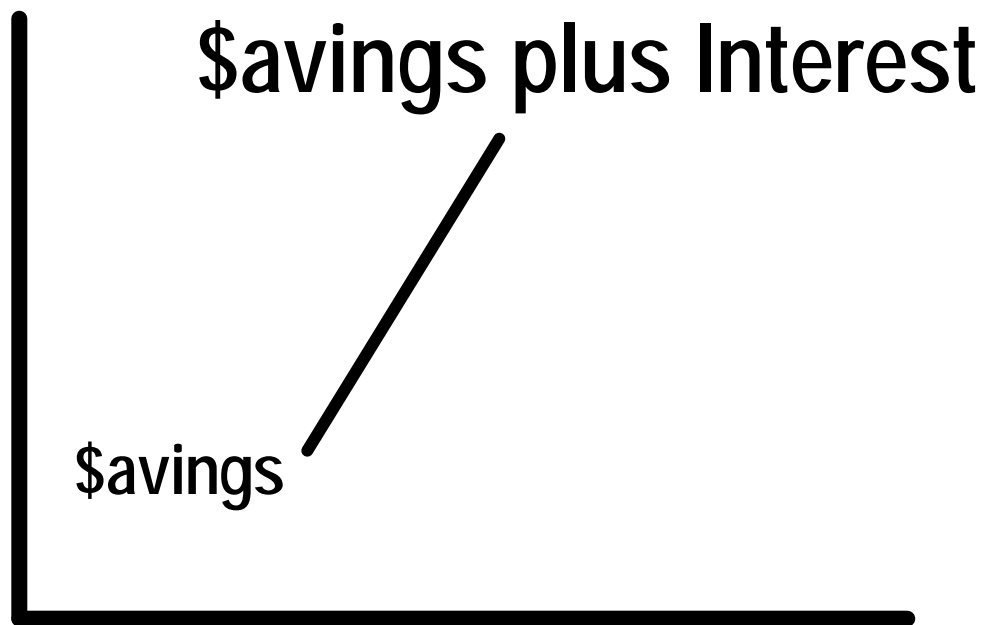
You Will Know

- **Ways to save money**
- **How money can grow**
- **The difference between savings and investment accounts**



Benefits of Paying Yourself First

- Manage your money better
- Increase your savings
- Improve your standard of living



Saving Tips

- **Consider needs vs. wants**
- **Direct deposit to savings**
- **Pay your bills on time**
- **Use a checking account vs. check-cashing stores**
- **Save extra money from raises or bonuses**
- **Keep making loan payments to yourself**
- **Save cash gifts**



Compound Interest Exercise

Annual Compounding	Daily Compounding
<p>\$1,000</p> <p>@ 5% compounded annually</p> <p>\$1,000.00 at the end of the first day</p>	<p>\$1,000</p> <p>@ 5% compounded daily</p> <p>\$1,000.14 at the end of the first day</p> <p>On the second and following days the earned interest is added and the total amount is compounded</p>
\$1,050 (End of Year 1)	\$1,051.27 (End of Year 1)



Compound Interest

	5 Years	10 Years
No Interest	\$1,000	\$1,000
Annual Compounding at 5%	\$1,276	\$1,629
Monthly Compounding at 5%	\$1,283	\$1,647
Daily Compounding at 5%	\$1,284	\$1,649

Saving \$1 a Day

	No Interest	5% Daily Compounding
Year 1	\$ 365	\$ 374
Year 5	\$ 1,825	\$ 2,073
Year 10	\$ 3,650	\$ 4,735
Year 30	\$10,950	\$25,413



Saving \$5 a Day

	No Interest	5% Daily Compounding
Year 1	\$ 1,825	\$ 1,871
Year 5	\$ 9,125	\$10,366
Year 10	\$18,250	\$23,676
Year 30	\$54,750	\$127,065



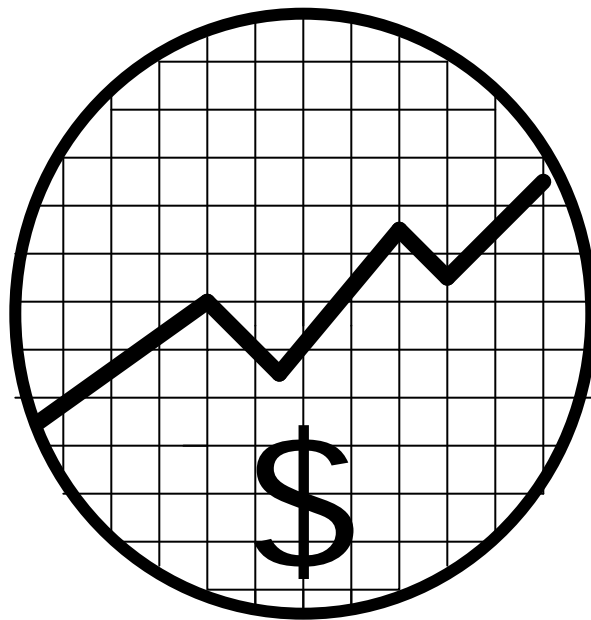
Savings Accounts

- **Statement savings account**
- **Passbook savings account**
- **Club account**
- **Money Market account**
- **Certificate of Deposit (CD)**



Investments

- **Stocks**
- **Bonds**
- **Mutual Funds**



Retirement Investments

- Individual Retirement Account (IRA)
- 401(k) and 403 (b) Plans
- Keogh Plans and Simplified Employee Pension Plans



Decision Factors

- How much do you want to accumulate?
- How long can you leave your money invested?
- How do you feel about risking your money?

